

**From:** Gregory Squires <squires@gwu.edu>  
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**To:** Comments  
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Thank you for the opportunity to comment on the Notice of Proposed Rulemaking (NPR) regarding updating the Community Reinvestment Act (CRA). I would like to offer three observations regarding the NPR.

First, as many have long argued, race must become a more central focus to maximize the impact of the CRA. The NPR suggests steps in this direction, but more should be done. Service to non-white consumers and predominantly non-white communities should be a more explicit metric in determining CRA ratings. While there are legal and political challenges to explicit race-based policies, more assertive actions can be taken as the [Relman](#) law firm and National Community Reinvestment Coalition have noted.

Second, the CRA needs to be expanded to cover non-depository mortgage bankers who now originate more than half of all mortgage [loans](#). This may require legislation. If so, this should be noted and the three major CRA enforcement agencies should detail steps they will take to secure passage of the appropriate legislation. Calling for more detailed, transparent, and effective CRA rules that apply only to those financial services firms that originate a declining share of loans, now less than half, will not lead to stronger and more effective CRA compliance and enforcement.

Third, the new rules should address the issue of appraisal bias that has, appropriately, attracted much attention in recent years. Mortgage lenders should be encouraged to utilize appraisers who have a track record of serving diverse communities. Several recent [reports](#) have documented that appraisals for non-white sellers and for properties in diverse communities are more likely to understate property values relative to actual sale price than is the case for white sellers and communities. The CRA update provides an opportunity for these agencies to call for a HMDA- like disclosure requirement for appraisal firms. Such reports could include information on the number and share of appraisals firms provide by census tract, the number where appraised value is less than the contract sale price, and related information. This would enable local actors (e.g. cities, counties, hospitals, universities, non-profits) to identify and utilize preferred appraisal firms similar to the way they create lists of minority-owned, women-owned, and veteran-owned contractors.

Again, thank you for the opportunity to comment.

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